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**DEPARTMENT OF THE NAVY
JUSTIFICATION OF ESTIMATES
AMENDED FY 1988/1989 BIENNIAL BUDGET**



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SUBMITTED TO CONGRESS FEBRUARY 1988

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**SHIPBUILDING AND CONVERSION,
NAVY**

DEPARTMENT OF THE NAVY
SHIPBUILDING AND CONVERSION, NAVY
JUSTIFICATION OF ESTIMATE FOR FISCAL YEAR 1989

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SHIPBUILDING AND CONVERSION, NAVY

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title. [as follows: TRIDENT ballistic missile submarine program, \$1,260,800,000; CVN nuclear aircraft carrier program, \$6,325,000,000; SSN-688 attack submarine program, \$1,676,900,000; SSN-21 attack submarine program, \$257,600,000; Aircraft carrier service life extension program, \$729,755,000; CG-47 cruiser program, \$4,127,000,000; DDG-51 destroyer program, \$5,500,000: Provided, That contracts awarded for any DDG-51 class destroyers in fiscal year 1989 shall be made on the basis of a full and open competition among all technically qualified bidders regardless of prior contractual experience for construction of DDG-51 destroyers. More than two shipyards may not be utilized for this purpose unless the Secretary of the Navy certifies that the Five Year Defense Plan is sufficient to support cost effective construction at more than two shipyards; LHD-1 amphibious assault ship program, \$752,900,000; LSD-41 cargo variant ship program \$258,000,000; T-AO fleet oiler program \$256,400,000; A0 conversion program, \$44,100,000; Strategic sealift program, \$43,400,000; T-ACS auxiliary crane ship program \$53,100,000; LCAC landing craft air cushion program \$36,500,000; For craft, outfitting, and post delivery, \$328,400,000; In all, \$16,155,355,000] \$9,130,100,000 to remain available for obligation until September 30, [1992] 1995: Provided, That additional obligations may be incurred after September 30, [1992] 1995, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship constructions and each Shipbuilding and Conversion, Navy appropriation that is currently available for such obligations may also hereafter be so obligated after the date of its expiration: Provided further, That none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: Provided further, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards.

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of Dollars) FISCAL YEAR 1983

Identification code	17-1611-0-1-051	Budget plan (amounts for PROCUREMENT actions programmed)		Obligations	
		1987 actual	1988 est.	1987 actual	1988 est.
Program by activities:					
Direct program:					
00.0101	Fleet ballistic missile ships			157,879	
00.0201	Other warships			1,241,664	
00.0301	Amphibious ships			123	
00.0401	Mine warfare and patrol ships			119,086	
00.0501	Auxiliaries, craft, and prior-year program			109,438	
10.0001	Total			1,628,190	
Financing:					
Offsetting collections from:					
11.0001	Federal funds(-)			239	
14.0001	Non-Federal sources(-)			58	
17.0001	Recovery of prior year obligations			-12,366	
21.4002	Unobligated balance available, start of year:				
21.4003	For completion of prior year budget plans			-2,360,733	
21.4007	Available to finance new budget plans			-338,500	
22.4001	Reprogramming from/to prior year budget plan			45,000	
25.0001	Unobligated balance transferred to other acc			734,612	
39.0001	Unobligated balance lapsing				
	Budget authority			-303,500	
Budget authority:					
40.0017	Appropriation rescinded			-338,500	
50.0001	Reappropriation			35,000	

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) FISCAL YEAR 1984

Identification code	17-1611-0-1-051	Budget plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships				190,819	211,711	
00.0201	Other warships				364,185	524,436	
00.0301	Amphibious ships				109,665	181,586	
00.0401	Mine warfare and patrol ships				44,557	141,329	
00.0501	Auxiliaries, craft, and prior-year program				107,591	72,980	
00.9101	Total direct program				816,817	1,132,042	
01.0101	Reimbursable program					309	
10.0001	Total				816,817	1,132,351	
Financing:							
17.0001	Recovery of prior year obligations				-17,597		
21.4002	Unobligated balance available, start of year:						
21.4003	For completion of prior year budget plans				-2,093,671	-1,132,351	
21.4007	Available to finance new budget plans				-391,969	-162,100	
22.4001	Reprogramming from/to prior year budget plan						
22.4001	Unobligated balance transferred to other acc	-391,969	-162,100		338,969	28,000	
24.4002	Unobligated balance available, end of year:						
24.4003	For completion of prior year budget plans	162,100			1,132,351		
25.0001	Available to finance subsequent year budget	66,000	152,300		162,100	152,300	
39.0001	Unobligated balance lapsing				66,000		
	Budget authority	13,000	18,200		13,000	18,200	
Budget authority:							
40.0017	Appropriation rescinded	-53,000	-134,100		-53,000	-134,100	
50.0001	Reappropriation	66,000	152,300		66,000	152,300	

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) FISCAL YEAR 1985

Identification code	17-1611-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships				175,017	41,544	276,801
00.0201	Other warships				541,867	389,948	646,948
00.0301	Amphibious ships				57,321	25,509	33,998
00.0401	Mine warfare and patrol ships				45,776	16,791	58,885
00.0501	Auxiliaries, craft, and prior-year program				206,317	50,573	97,878
00.9101	Total direct program				1,026,298	524,365	1,114,510
01.0101	Reimbursable program					4	
10.0001	Total				1,026,298	524,369	1,114,510
Financing:							
17.0001	Recovery of prior year obligations				-1,134		
21.4002	Unobligated balance available, start of year:				-2,718,107	-1,638,879	-1,114,510
21.4003	For completion of prior year budget plans				-534,064	-94,600	
21.4003	Available to finance new budget plans			-94,600			
21.4007	Reprogramming from/to prior year budget plan	-534,064					
21.4007	Unobligated balance transferred to other acc	-54,064					
22.4001	Unobligated balance available, end of year:	352,428					
22.4001	Unobligated balance available, end of year:						
24.4002	For completion of prior year budget plans	94,600			1,638,879	1,114,510	
24.4003	Available to finance subsequent year budget				94,600		
40.0017	Budget authority (Appropriation rescinded)	-141,100	-94,600		-141,100	-94,600	

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) FISCAL YEAR 1986

Identification code	17-1611-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships				201,013	76,189	58,718
00.0201	Other warships				900,878	288,532	284,266
00.0301	Amphibious ships				217,655	95,524	48,530
00.0401	Mine warfare and patrol ships				37,506	22,300	59,948
00.0501	Auxiliaries, craft, and prior-year program				426,078	103,553	47,345
10.0001	Total				1,783,130	586,098	498,807
Financing:							
17.0001	Recovery of prior year obligations				-12,900		
21.4002	Unobligated balance available, start of year:						
21.4003	For completion of prior year budget plans				-3,882,695	-2,092,465	-1,506,367
21.4007	Available to finance new budget plans				-737,900	-20,000	
24.4002	Reprogramming from/to prior year budget plan						
24.4003	Unobligated balance available, end of year:						
40.0017	For completion of prior year budget plans				2,092,465	1,506,367	1,007,560
	Available to finance subsequent year budget				20,000		
	Budget authority (Appropriation rescinded)				-737,900	-20,000	

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) FISCAL YEAR 1987

Identification code	17-1611-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships	1,357,100			984,985	31,095	78,227
00.0201	Other warships	7,074,300			4,391,450	1,041,359	657,446
00.0301	Amphibious ships	35,000			33,786	288	212
00.0501	Auxiliaries, craft, and prior-year program	1,588,989			1,065,987	92,678	98,712
10.0001	Total	10,055,389			6,476,208	1,165,420	834,597
Financing:							
Unobligated balance available, start of year:							
21.4002	For completion of prior year budget plans		-155,600			-3,579,181	-2,413,761
21.4003	Available to finance new budget plans					-155,600	
Unobligated balance available, end of year:							
24.4002	For completion of prior year budget plans	155,600			3,579,181	2,413,761	1,579,164
24.4003	Available to finance subsequent year budget				155,600		
39.0001	Budget authority	10,210,989	-155,600		10,210,989	-155,600	
Budget authority:							
40.0001	Appropriation	10,210,989	-155,600		10,210,989	-155,600	
40.0017	Appropriation rescinded						
43.0001	Appropriation (adjusted)	10,210,989	-155,600		10,210,989	-155,600	

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) FISCAL YEAR 1988

Identification code	17-1611-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships		1,260,800		698,483	210,553	
00.0201	Other warships		13,121,755		9,773,202	802,065	
00.0301	Amphibious ships		1,010,900		560,039	168,821	
00.0501	Auxiliaries, craft, and prior-year program		761,900		422,093	127,237	
00.9101	Total direct program		16,155,355		11,453,817	1,308,676	
01.0101	Reimbursable program		1,133		1,133		
10.0001	Total		16,156,488		11,454,950	1,308,676	
Financing:							
Offsetting collections from:							
11.0001	Federal funds(-)		-1,133	0		-1,133	
21.4002	Unobligated balance available, start of year:					4,701,538	
	For completion of prior year budget plans:						
24.4002	Unobligated balance available, end of year:				4,701,538	3,392,862	
	For completion of prior year budget plans						
40.0001	Budget authority (Appropriation)		16,155,355		16,155,355		

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) FISCAL YEAR 1989

Identification code	17-1611-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships			1,368,100			969,984
00.0201	Other warships			5,324,300			3,866,012
00.0301	Amphibious ships			737,500			411,272
00.0401	Mine warfare and patrol ships			197,200			118,124
00.0501	Auxiliaries, craft, and prior-year program			1,503,000			1,107,509
00.9101	Total direct program			9,130,100			6,472,901
01.0101	Reimbursable program			1,167			1,167
10.0001	Total			9,131,267			6,474,068
Financing:							
Offsetting collections from:							
11.0001	Federal funds(-)			-1,167			-1,167
24.4002	Unobligated balance available, end of year: For completion of prior year budget plans						2,657,199
40.0001	Budget authority (Appropriation)			9,130,100			9,130,100

Shipbuilding and Conversion, Navy
Program and Financing (in Thousands of dollars) SUMMARY

Identification code	17-1611-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Fleet ballistic missile ships	1,357,100	1,260,800	1,368,100	1,709,713	1,059,022	1,594,283
00.0201	Other warships	7,074,300	13,121,755	5,324,300	7,440,044	12,017,477	6,256,737
00.0301	Amphibious ships	35,000	1,010,900	737,500	418,550	862,946	662,833
00.0401	Mine warfare and patrol ships			197,200	246,925	180,420	236,957
00.0501	Auxiliaries, craft, and prior-year program	1,588,989	761,900	1,503,000	1,915,411	741,877	1,478,681
00.9101	Total direct program	10,055,389	16,155,355	9,130,100	11,730,643	14,861,742	10,229,491
01.0101	Reimbursable program		1,133	1,167		1,446	1,167
10.0001	Total	10,055,389	16,156,488	9,131,267	11,730,643	14,863,188	10,230,658
Financing:							
Offsetting collections from:							
11.0001	Federal funds(-)		-1,133	-1,167	239	-1,133	-1,167
14.0001	Non-Federal sources(-)				58		
17.0001	Recovery of prior year obligations				-43,997		
Unobligated balance available, start of year:							
21.4002	For completion of prior year budget plans					-8,442,876	-9,736,176
21.4003	Available to finance new budget plans	-2,002,433	-432,300		-2,002,433	-432,300	
21.4007	Reprogramming from/to prior year budget plan	-980,776					
22.4001	Unobligated balance transferred to other acc	736,397	28,000		736,397	28,000	
Unobligated balance available, end of year:							
24.4002	For completion of prior year budget plans	432,300			8,442,876	9,736,176	8,636,785
24.4003	Available to finance subsequent year budget	800,612	152,300		432,300	152,300	
25.0001	Unobligated balance lapsing				800,612		
39.0001	Budget authority	9,041,489	15,903,355	9,130,100	9,041,489	15,903,355	9,130,100
Budget authority:							
40.0001	Appropriation	10,210,989	16,155,355	9,130,100	10,210,989	16,155,355	9,130,100
40.0017	Appropriation rescinded	-1,270,500	-404,300		-1,270,500	-404,300	
43.0001	Appropriation (adjusted)	8,940,489	15,751,055	9,130,100	8,940,489	15,751,055	9,130,100
50.0001	Reappropriation	101,000	152,300		101,000	152,300	
Relation of obligations to outlays:							
71.0001	Obligations incurred, net				11,730,940	14,862,055	10,229,491
72.4001	Obligated balance, start of year				20,643,326	23,277,192	28,796,047
74.4001	Obligated balance, end of year				-23,277,192	-28,796,047	-28,959,438
77.0001	Adjustments in expired accounts				262,563		
78.0001	Adjustments in unexpired accounts				-43,997		

Navy

Shipbuilding and Conversion, Navy
Program and Financing (in thousands of dollars) SUMMARY

Identification code	17-1611-0-1-051	1987 actual	1988 est.	1989 est.
90.0001	Outlays	9,315,640	9,343,200	10,066,100

Navy

Shipbuilding and Conversion, Navy
Object Classification (in Thousands of dollars) SUMMARY

Identification code	17-1611-0-1-051	1987 actual	1988 est.	1989 est.
Direct obligations:				
Other services:				
125.003	Contracts	363,814	333,869	350,850
125.004	Other	352,077	323,099	339,532
131.001	Equipment	11,014,752	14,204,774	9,539,109
199.001	Total Direct obligations	11,730,643	14,861,742	10,229,491
Reimbursable obligations:				
231.001	Equipment		1,446	1,167
299.001	Total Reimbursable obligations		1,446	1,167
999.901	Total obligations	11,730,643	14,863,188	10,230,658

STATUS OF COMPLETION OF PRIOR YEAR
SHIPBUILDING PROGRAMS

	Uncompleted Through 31 Dec 1987	To Be Completed in FY 1988	To Be Completed in FY 1989	To Be Completed in FY 1990 and Subsequent Years
FY 1982 and Prior Years				
Ships	5	2	3	0
New Construction	5	2	3	0
Conversion	0	0	0	0
FY 1983				
Ships	6	1	3	2
New Construction	6	1	3	2
Conversion	0	0	0	0
FY 1984				
Ships	13	3	7	3
New Construction	13	3	7	3
Conversion	0	0	0	0
FY 1985				
Ships	23	6	5	12
New Construction	22	5	5	12
Conversion	1	1	0	0
FY 1986				
Ships	21	2	3	16
New Construction	17	0	2	15
Conversion	4	2	1	1
FY 1987				
Ships	21	0	3	18
New Construction	18	0	1	17
Conversion	3	0	2	1
FY 1988				
Ships	19	0	1	18
New Construction	15	0	0	15
Conversion	4	0	1	3

The appropriation for FY 1988 will provide for 15 new construction ships and 4 conversions. The FY 1989 request includes 17 new construction ships and 2 conversions.

BUDGET ACTIVITY NO.1 - BALLISTIC MISSILE SHIPS

(\$ in Thousands)

FY 1989 Amended Estimate	\$1,368,100
FY 1989 Change	\$ (30,200)
FY 1989 Initial Estimate	\$1,398,300
FY 1988 Estimate	\$1,260,800
FY 1987 Actual	\$1,357,100

PURPOSE AND SCOPE

Budget Activity 1 provides for the new construction of ballistic missile ships and supporting vessels and the conversion of existing ships to specialized configurations required to meet strategic objectives.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 1 include:

TRIDENT SSBN (NUCLEAR)

(\$ in Thousands)

	QTY	AMT		QTY	AMT
FY 1988	1	\$1,260,800	FY 1989	1	\$1,368,100

The FY 1989 request provides full funding of \$1,230,700 for the sixteenth TRIDENT submarine plus advance procurement funds of \$137,400 for the procurement of critical long lead nuclear components for the eighteenth submarine planned in FY 1991. The TRIDENT mission is to provide an undersea strategic missile system in order to ensure that the U.S. continues to maintain a credible, survivable deterrent independent of foreseeable threats. TRIDENT submarines are highly survivable due to the incorporation of the latest state of the art in submarine quietness, mobility, and self-defense. Each has an integrated radio room designed to provide communication links in a hostile electromagnetic environment and carries the latest in submarine defense systems. Other features include a 70-day patrol period, a 25-day turnaround period between patrols, not less than 9 year intervals between overhauls/refuelings, and a projected operating life of 30 years.

BUDGET ACTIVITY NO. 2 - OTHER WARSHIPS

(\$ in Thousands)

FY 1989 Amended Estimate	\$ 5,324,300
FY 1989 Change	\$(2,517,538)
FY 1989 Initial Estimate	\$ 7,841,838
FY 1988 Estimate	\$13,121,755
FY 1987 Actual	\$ 7,062,800

PURPOSE AND SCOPE

Budget Activity 2 provides for construction, conversion, modernization or service life extension of major warships other than ballistic missile ships.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 2 include:

CVN AIRCRAFT CARRIER (NUCLEAR)

(\$ in Thousands)

FY 1988	FY 1989
QTY	QTY
2	-
AMT	AMT
6,325,000	-

Congress appropriated \$6,325,000 to fully fund 2 NIMITZ class aircraft carriers in FY 1988. The procurement of the two aircraft carriers will provide for replacement of the USS MIDWAY (CV-41) and a Forrestal class carrier which will be overage in the 1990's, thereby maintaining a force level of 15 deployable carriers.

SSN-688 CLASS SUBMARINE (NUCLEAR)

(\$ in Thousands)

FY 1988	FY 1989
QTY	QTY
3	2
AMT	AMT
\$1,676,900	\$1,493,600

SSN-688 CLASS SUBMARINE (NUCLEAR) CONTINUED

The FY 1989 request provides full funding of \$1,189,300 for the construction of two SSN-688 Class nuclear submarines plus advance procurement funds of \$304,300 to provide for long lead equipment for follow-on submarines in FY 1990 and FY 1991. The 1989 advance procurement request includes \$175,800 for nuclear propulsion equipment for the FY 1991 program and \$128,500 for long lead electronic and hull, mechanical, and electrical items for the FY 1990 program. The mission of the LOS ANGELES Class nuclear attack submarine is to destroy enemy ships, primarily submarines. It is a key element in our multi-type warfare forces. These submarines are capable of operating for long periods of time in waters under enemy air and surface control and are necessary to counter the new classes of Soviet high speed submarines. The FY 1989 ships will be improved versions with the incorporation of a new Improved Propulsion Machinery Plant (IPMP) and Wide Aperture Array (WAA).

SSN-21 CLASS NEW DESIGN SUBMARINE (NUCLEAR)

(\$ in Thousands)

	FY 1988		FY 1989
	QTY	AMT	QTY
	-	\$257,600	1
			AMT
			\$1,488,000

The FY 1989 request includes \$1,095,000 in full funding for the lead SSN 21 Class Submarine and \$393,000 of advance procurement funding for long lead nuclear components for the FY 1991 program. The SSN-21 submarine is intended to combat the rapidly increasing capabilities of the Soviet submarine force into the 1990's and beyond.

CV (SLEP) AIRCRAFT CARRIER

(\$ in Thousands)

	FY 1988		FY 1989
	QTY	AMT	QTY
	1	\$729,755	-
			AMT
			\$135,400

The FY 1989 request of \$135,400 provides for long leadtime materials for the CV-64 (CONSTELLATION) SLEP. The Aircraft Carrier SLEP will extend the life of the eight conventionally powered big deck aircraft carriers from 30 years to a total of 45 years. The SLEP will be accomplished through a 37 month availability in which equipments, systems, and structure will be repaired or replaced as necessary.

CG-47 AEGIS GUIDED MISSILE CRUISER

(\$ in Thousands)

FY 1988	FY 1989
QTY	QTY
5	
AMT	AMT
\$4,127,000	

Congress appropriated \$4,127,000 in FY 1988 for construction of 5 AEGIS cruisers. The FY 1988 acquisition completes the current inventory objective for the CG-47 class program. This class of cruisers deploys AEGIS and other advanced systems, augmented by passive protection features, including fragmentation protection of launchers and magazines. The CG-47 is a multi-offensive, heavily armed, and survivable warship. Employment of the proven DD-963 class hull and propulsion system reduces uncertainties and life cycle costs. The CG-47 class ships are able to conduct prompt and sustained combat operations as part of a Carrier Battle Group or Surface Action Group to neutralize or destroy hostile air, missile, surface, and subsurface threats, and defeat simultaneous coordinated attacks by such forces.

DDG-51 GUIDED MISSILE DESTROYER

(\$ in Thousands)

FY 1988	FY 1989
QTY	QTY
-	3
AMT	AMT
\$5,500	2,207,300

The FY 1989 request provides full funding of \$2,128,900 for three DDG 51 Guided Missile Destroyers and \$78,400 of advance procurement funds in support of the FY 1990 and 1991 programs including multiyear procurement of the 5"/54 gun mounts. The DDG-51 will have a combat system which has the capability to perform simultaneous missions in Anti-air, Strike, Anti-Surface, and Anti-Submarine warfare areas. The DDG-51 will operate offensively and defensively as units of Carrier Battle Groups, and Surface Action Groups, and in Support of Underway Replenishment Groups and the Marine Amphibious Task Forces. The DDG-51 Class design provides outstanding combat capability and survivability while meeting procurement and life cycle support cost constraints.

BUDGET ACTIVITY NO.3 - AMPHIBIOUS SHIPS

(\$ in Thousands)

FY 1989 Amended Estimate	\$ 737,500
FY 1989 Change	\$ (3,600)
FY 1989 Initiate Estimate	\$ 741,100
FY 1988 Estimate	\$1,010,900
FY 1987 Actual	\$ 35,000

PURPOSE AND SCOPE

Budget Activity 3 provides for the construction and conversion of amphibious ships.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 3 include:

LHD-1 AMPHIBIOUS ASSAULT SHIP

(\$ in Thousands)

<u>FY 1988</u>		<u>FY 1989</u>	
<u>QTY</u>	<u>AMT</u>	<u>QTY</u>	<u>AMT</u>
<u>1</u>	<u>\$752,900</u>	<u>1</u>	<u>\$737,500</u>

The FY 1989 request includes full funding of \$737,500 for one LHD Ship. The LHD-1 is a multi-purpose amphibious assault ship which will transport elements of the landing force (personnel, vehicles, cargo and POL), landing craft (LCAC or conventional), VSTOL aircraft, and helicopters in support of amphibious assault operations. In a convertible role the LHD will have the capability of deploying VSTOL aircraft and helicopters in secondary sea control and power projection missions.

LSD-41 LANDING SHIP DOCK (Cargo Variant)

(\$ in Thousands)			
FY 1988		FY 1989	
QTY	AMT	QTY	AMT
<u>1</u>	<u>\$258,000</u>	<u>-</u>	<u>-</u>

The FY 1988 appropriation includes \$258,000 to fund one LSD-41 Class Dock Landing/(Cargo Variant) Ship. The LSD will transport and launch amphibious craft and vehicles with their crews and embarked personnel in amphibious assault operations. It will also provide limited docking and repair services for conventional landing craft and Air Cushion Landing Craft (LCAC). The ship will differ from the LSD-41 in that it will have two less LCAC and additional cargo capacity.

BUDGET ACTIVITY NO.4 - MINE WARFARE AND PATROL SHIPS

	(\$ in Thousands)
FY 1989 Amended Estimate	\$197,200
FY 1989 Change	\$ (1,800)
FY 1989 Initial Estimate	\$199,000
FY 1988 Estimate	\$ -0-
FY 1987 Actual	\$ -0-

PURPOSE AND SCOPE

Budget Activity 4 provides for the construction and conversion of ships with minesweeping capability, as well as patrol and escort ships.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 4 include:

MHC COASTAL MINE HUNTER

	(\$ in Thousands)	
	FY 1988	FY 1989
QTY	AMT	AMT
	-	\$197,200

Appropriation of \$197,200 is requested for two MHC ships in FY 1989. The MHC is a new class of coastal minehunting ships which will conduct mine neutralization, hunting, and sweeping operations in the U.S. harbor and coastal environment. One of the two FY 1989 ships is planned for a new second source shipbuilder.

BUDGET ACTIVITY NO.5 - AUXILIARIES, CRAFT, AND PRIOR YEAR PROGRAM COSTS

(\$ in Thousands)

FY 1989 Amended Estimate	\$1,503,000
FY 1989 Change	\$ (175,200)
FY 1989 Initial Estimate	\$1,678,200
FY 1988 Estimate	\$ 761,900
FY 1987 Actual	\$1,600,489

PURPOSE AND SCOPE

Budget Activity 5 provides for the construction, conversion and acquisition of auxiliary ships and craft, as well as other costs such as outfitting, post delivery, cost growth, and escalation on prior year shipbuilding programs when required.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 5 include:

TAO FLEET OILER

(\$ in Thousands)

	FY 1988	FY 1989
QTY	2	2
AMT	\$256,400	\$284,900

The FY 1989 request of 284,900 provides for two TAO Fleet Oilers. The Fleet Oiler will operate as a unit of an Underway Replenishment Group or independently to furnish petroleum (POL) products to operating forces at sea. The ship transports bulk POL from shore depots to AOE's, AOR's, AOs, T-AOs and other ships. The ship will be capable of replenishing from five stations simultaneously and will also be capable of replenishment of fleet freight, mail, and personnel.

AO(J) FLEET OILER (JUMBO)

(\$ in Thousands)

	FY 1988	FY 1989
QTY	1	2
AMT	\$44,100	\$84,900

AO(J) FLEET OILER (JUMBO) CONT.

The AO (JUMBO) conversion program is designed to increase the 120,000 barrel fuel capacity of existing AO-177 class ships to 180,000 barrels. The FY 1989 request of \$84,900,000 provides for two conversions to The mission of the AO(J) is to transport bulk petroleum, oil and lubricants (POL) from shore depots to AOE's, AOR's, TAO's, and other ships. In addition, the AO(J) is intended to receive and deliver, by connected replenishment, fleet freight, mail and personnel.

TAGOS OCEAN SURVEILLANCE SHIP

(\$ in Thousands)

FY 1988		FY 1989	
QTY	AMT	QTY	AMT
		3	\$159,600

Appropriation of \$159,600 is requested in FY 1989 for three TAGOS hulls designed with the SMATH (Small Water Plane Area Twin Hull) configuration. TAGOS ships will be used as a unit of the Military Sealift Command to support the towed arrays and data processing/transmitting equipments of the SURTASS system which collects, processes, and transmits acoustic data.

AOE FAST COMBAT SUPPORT SHIP

(\$ in Thousands)

FY 1988		FY 1989	
QTY	AMT	QTY	AMT
		1	\$363,900

The FY 1989 appropriation request includes \$363,900 for one AOE Fast Combat Support Ship. The AOE will deliver on-station munitions, bulk POL, and dry and frozen provisions to battle groups underway in hostile environments. The AOE significantly extends the endurance of the Battle Group for combat operations.

AGOR/TAGS OCEANOGRAPHIC RESEARCH VESSEL

(\$ in Thousands)			
FY 1988		FY 1989	
QTY	AMT	QTY	AMT
-	-	1	\$74,000

The Oceanographic Research Ship program provides for two separate missions: ocean research, performed by AGOR class ships, and ocean survey, performed by TAGS class ships. Both AGOR and TAGS classes include two hull-types, monohull and SMATH (Small Waterplane Area Twin Hull). The FY 1989 request includes \$74,000 for construction of one TAGS (SMATH) Oceanographic Research Vessel. The TAGS (SMATH) will provide an ocean survey data collection capability worldwide, performing operations which satisfy a broad spectrum of oceanographic requirements, including launching, towing, and recovery of a variety of large and heavy equipments.

SERVICE CRAFT

(\$ in Thousands)	
QTY	AMT
-	\$12,500

Appropriation of \$12,500,000 was provided in FY 1988 for thirteen open lighters (YC), one dredge (YM), and three aircraft transportation lighters (YCV).

STRATEGIC SEALIFT (RRF) READY RESERVE FORCE

(\$ in Thousands)	
QTY	AMT
-	\$43,400

The FY 1988 appropriation includes \$43,400,000 for the acquisition of ships for the Ready Reserve Force (RRF). The Ready Reserve Force is a sub-element of the National Defense Reserve Fleet which provides timely sealift capability to promptly outload and transport those forces that may be expected to be deployed in a contingency or reinforcement scenario. This program has been transferred to the Maritime Administration beginning in FY 1989.

LCAC LANDING CRAFT AIR CUSHION

(\$ in Thousands)

<u>QTY</u>	<u>FY 1988</u>	<u>QTY</u>	<u>FY 1989</u>
-	<u>AMT</u>	<u>9</u>	<u>AMT</u>
	<u>\$36,500</u>		<u>\$192,600</u>

The FY 1989 request includes \$172,700,000 for full funding of nine LCACs and \$19,900,000 for advance procurement in support of the FY 1990 program (12 craft). Advance procurement is required to maintain craft delivery schedules necessary to meet amphibious lift requirements. The Landing Craft Air Cushion (LCAC) is a fully amphibious air cushion vehicle capable of operating from existing and planned well deck ships. The LCAC transports weapon systems, equipment, cargo, and personnel of the assault elements of the Marine Air/Ground Task Force both from ship to shore and across the beach.

OUTFITTING MATERIAL

(\$ in Thousands)

<u>QTY</u>	<u>FY 1988</u>	<u>QTY</u>	<u>FY 1989</u>
-	<u>AMT</u>	-	<u>AMT</u>
	<u>\$183,900</u>		<u>\$214,700</u>

The FY 1989 appropriation request provides for outfitting material consisting of government furnished spares, repair parts, and other material required to fill ships' initial allowance of storeroom and operating space items.

POST DELIVERY

(\$ in Thousands)

<u>QTY</u>	<u>FY 1988</u>	<u>QTY</u>	<u>FY 1989</u>
-	<u>AMT</u>	-	<u>AMT</u>
	<u>\$132,000</u>		<u>\$128,400</u>

POST DELIVERY CONTINUED

Appropriation of \$128,400,000 is requested in FY 1989 for Post Delivery. Post Delivery costs include the design, planning, government furnished material, and related labor costs required to correct ship deficiencies defined during acceptance and shakedown trials. It is limited to the work which can be accomplished within the SCN funding availability period. All funds required for correction of deficiencies for a particular ship are budgeted in the first fiscal year in which funding is required.

TACS AUXILIARY CRANE SHIP (CONVERSION)

(\$ in Thousands)

	<u>FY 1988</u>		<u>FY 1989</u>
QTY		QTY	
2		-	
	AMT		AMT
	<u>\$53,100</u>		<u>-</u>

The FY 1988 appropriation includes \$53,100,000 for the modification of two ships to the TACS crane ship configuration. The TACS primary mission is to offload non-self-sustaining container ships brought alongside in moderate conditions of sea and swells. The TACS ships will permit offloading of container ships at locations where container facilities do not exist or are inoperable.

COMPARISON OF FY 1987 PROGRAM REQUIREMENTS AS REFLECTED
IN FY 1988 BUDGET WITH FY 1987 PROGRAM REQUIREMENTS AS
SHOWN IN FY 1989 BUDGET

SUMMARY OF REQUIREMENT (\$ IN THOUSANDS)

	Total Program Requirements Per 1988 Budget	Program Requirements Per 1989 Budget	Increase (+) or Decrease (-)
Fleet Ballistic Missile Ships	1,432,100	1,357,100	- 75,000
Other Warships	7,113,700	7,062,800	- 50,900
Amphibious Ships	35,000	35,000	0
Mine Warfare and Patrol Ships	0	0	0
Auxiliaries, Craft and PY Program Costs	1,630,189	1,600,489	- 29,700
Reimbursable Program	1,100	0	- 1,100
Total Fiscal Year Program	10,212,089	10,055,389	-156,700

EXPLANATION BY BUDGET ACTIVITY
(\$ IN THOUSANDS)

1. FLEET BALLISTIC MISSILE SHIPS (\$-75,000) - The FY 1989 budget submission reflects a rescission included in the FY 1988 Appropriation Act for the TRIDENT program (\$-75,000).
2. OTHER WARSHIPS (\$-50,900) - The FY 1989 budget submission reflects a rescission included in the FY 1988 Appropriation Act for the CG-47 program (\$-50,900).
3. AMPHIBIOUS SHIPS - No change.
4. MINE WARFARE AND PATROL SHIPS - No change.
5. AUXILIARIES, CRAFT, AND PRIOR YEAR PROGRAM COSTS (\$-29,700) - The FY 1989 budget submission reflects rescissions included in the FY 1988 Appropriation Act for the TAGOS (\$-3,500), AOE (\$-2,000), Landing Craft (\$-19,000), and TACS (\$-5,200) programs.
6. REIMBURSABLE PROGRAM (\$-1,100) - Deletion of anticipated reimbursable requirements.

COMPARISON OF FY 1988 PROGRAM REQUIREMENTS AS REFLECTED
IN FY 1988 BUDGET WITH FY 1988 PROGRAM REQUIREMENTS AS
SHOWN IN FY 1989 BUDGET

SUMMARY OF REQUIREMENT (\$ IN THOUSANDS)

	Total Program Requirements Per 1988 Budget	Program Requirements Per 1989 Budget	Increase (+) or Decrease (-)
Fleet Ballistic Missile Ships	1,330,800	1,260,800	- 70,000
Other Warships	7,502,655	13,121,755	+5,619,100
Amphibious Ships	1,097,100	1,010,900	- 86,200
Mine Warfare and Patrol Ships	297,300	0	- 297,300
Auxiliaries, Craft and PY Program Costs	837,500	761,900	- 75,600
Reimbursable Program	1,133	1,133	0
Total Fiscal Year Program	11,066,488	16,156,488	+ 5,090,000

EXPLANATION BY BUDGET ACTIVITY
(\$ IN THOUSANDS)

1. FLEET BALLISTIC MISSILE SHIPS (\$-70,000) - Congressional action on the FY 1988 budget reduced TRIDENT full funding by \$70,000.
2. OTHER WARSHIPS (\$+5,619,100) - Congressional action on the FY 1988 budget provided for two aircraft carriers (\$+5,681,000) and three additional CG-47 cruisers (\$+2,200,500). It also deleted three DDG-51 class destroyers (\$-2,122,300) and reduced the SSN-688 (\$-60,000), CG-47 advance procurement (\$-11,000), and DDG-51 advance procurement (\$-69,100) requests.
3. AMPHIBIOUS SHIPS (\$-86,200) - Congressional action on the FY 1988 budget included reductions to the LHD-1 (\$-20,000) and the LSD-Cargo Variant (\$-66,200) programs.
4. MINE WARFARE AND PATROL SHIPS (\$-297,300) - Congressional action on the FY 1988 budget eliminated three MCM ships (\$-297,300).
5. AUXILIARIES, CRAFT, AND PRIOR YEAR PROGRAM COSTS (\$-75,600) - Congressional action on the FY 1988 budget included reductions to the TAO (\$-22,700), LCAC (\$-7,200), Outfitting (\$-19,000), and Post Delivery (\$-8,900) line items and disapproval of the Sealift Enhancement request (\$-17,800).
6. REIMBURSABLE PROGRAM - No change.

COMPARISON OF FY 1987 FINANCING AS REFLECTED
IN FY 1988 BUDGET WITH FY 1987 FINANCING AS
SHOWN IN FY 1989 BUDGET

	(\$ IN THOUSANDS)		
	Financing Per FY 1988 Budget	Financing Per FY 1989 Budget	Increase (+) or Decrease (-)
Program Requirements (Total)	\$10,212,089	\$10,055,389	\$-156,700
Program Requirements (Service Account)	(\$10,210,989)	(\$10,055,389)	(\$-155,600)
Program Requirements (Reimbursable)	(\$1,100)	(0)	(\$-1,100)
Less: Anticipated Reimbursable	\$ 1,100	\$ 0	\$+ 1,100
Plus: Unobligated Balance Available to Finance Subsequent Year Budget	\$ 0	\$ 155,600	\$+155,600
Appropriation (Adjusted)	\$10,210,989	\$10,210,989	\$ 0

EXPLANATION OF CHANGES IN FINANCING

The Fiscal Year 1987 budget has changed since the presentation of the FY 1988 budget as noted below:

1. Program Requirements. There has been a decrease of\$- 156,700
Service Account.....\$- 155,600
reimbursable.....\$- 1,100
2. The new program requirement change of \$-156,700 reflects the rescissions of \$-155,600 included in the FY 1988 Appropriation Act and deletion of the reimbursable requirements (\$-1,100).

COMPARISON OF FY 1988 FINANCING AS REFLECTED
IN FY 1988 BUDGET WITH FY 1988 FINANCING AS
SHOWN IN FY 1989 BUDGET

	(\$ IN THOUSANDS)		
	Financing Per FY 1988 Budget	Financing Per FY 1989 Budget	Increase (+) or Decrease (-)
Program Requirements (Total)	\$11,066,488	\$16,156,488	\$+5,090,000
Program Requirements (Service Account)	(\$11,065,355)	(\$16,155,355)	(\$+5,090,000)
Program Requirements (Reimbursable)	(\$1,133)	(1,133)	(0)
Less:			
Anticipated Reimbursable	\$ 1,133	\$ 1,133	\$ 0
Appropriation (Adjusted)	\$11,065,355	\$16,155,355	\$+5,090,000

EXPLANATION OF CHANGES IN FINANCING

The Fiscal Year 1988 budget has changed since the presentation of the FY 1988 budget as noted below:

1. Program requirements. There has been an increase of \$5,090,000 to reflect the approved appropriation rather than the amount requested. Explanations relating to this increase are provided on page 26.